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India between Global Economics and Hindu Nationalism



*India is currently torn between challenges of global economic competition and self-imposed limitations derived from Hindu nationalism, argues **Philippe WELTI**, Co-founder of [Share-an-Ambassador/Geopolitical Coaching](#) and Former Swiss Ambassador to Iran and to India. Since its inception as the independent Republic of India, the country has been living with two strategic and psychological traumas: the Partition of 1947, with which the Muslim League took away half of India's Muslim population and founded the hostile Islamic Republic of Pakistan; and from 1949 Communist China, which is still contesting the land border between the two Asian giants in the Himalayans and has grown economically to become the unattainable strategic, economic and by moments hostile competitor in regional and global affairs.*

Against its hostile neighbour Pakistan India has fought three wars and is permanently exposed to terrorist guerrilla at its North-Western border and from time to time to terrorist attacks within the country. China has caused a first nightmare by defeating Indian forces in their war in 1962 and has added a resounding global success by developing its economy and becoming the world's number two economy leaving behind the main Asian competitors like Japan and India. China has established itself as the main challenger to the global superpower USA, whereas India, in strategic terms, is still a regional power only. In 2019 the Indian economy may well have become the world's third largest, in purchase power parity (PPP), and sixth largest in US dollar terms. And it may be practically on parity with China regarding the size of its population, but economically it is still just one fourth of China. This clearly limits the Indian Prime Minister Modi's ability to compete with China in international trade, in enhancing its political influence on other countries and in upping its military means for the country's security and strategic outreach.

During his first term, Modi seemed determined to favour economic growth by implementing some important measures for the liberalization of the domestic economy. But a new wave of international protectionism is also having an impact on India. This must be partly seen in the context of new import duties imposed by US President Trump. While China is at the centre of the current US “trade war”, India is also included in the list of “trade deficit culprits” like Germany and Japan and is paying parts of the costs of the US trade war imposed on others. The immediate effect is that economic growth has decreased, and a growing fiscal deficit of the central government is putting tough financial constraints on the government's ability to fully implement its strategic choices. This is, among other things, seriously affecting the modernization of India's defence equipment. Therefore, India cannot dream of competing with China's military might. Most remarkable is the budgetary consequence that the strategically motivated project of a trade route, set to open for India a separate access to Afghanistan and Central Asia not touching Chinese territory, is not getting fresh funds for the completion of the Iranian port of Chabahar. Thus, China's Belt and Road Initiative (BRI), too, remains unchallenged by India.

China's growing influence in the world and India's partial lack of competitive response are the main factors out of Asia in the race for global influence and domination. During his first term in office, Modi had indicated his willingness to open up new strategic options and had implemented a few necessary measures in the field of domestic economic policies. But a few months into his second term, his fundamental motivation behind his actions domestically has got clearer: Fulfilling the visions of his core supporters for a Hindu nation has become the new priority. The Hindu nationalist movement's dominant role in Indian politics today is possibly also having an impact on foreign policies. The recent decision of the Modi government to abolish the limited autonomy of Jammu and Kashmir, the only Muslim majority state within India, has an obvious purpose: to strengthen Delhi's anti-terrorist action against Pakistan-inspired terrorism. But the abrupt change of this autonomy is also an ideological statement. It is a most telling message not only to the Muslim neighbour Pakistan, but also to the wider Muslim world.

The latest and clearest sign of bias-driven politics is the legislative project in the field of citizenship, which aims at legally discriminating Indian Muslims even more. The secular spirit of the Founding Fathers injected in the Indian Constitution has been one of the proudest features of India's general prestige in world affairs. The recent political developments in that country, however, are damaging India's standing among the democracies of the world and will certainly have further consequences.



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